

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer
Office of Tax and Revenue



Date: September 11, 2018

COMBINED CIGARETTE TAX RATE WILL INCREASE TO \$4.94
EFFECTIVE OCTOBER 1, 2018

Effective October 1, 2018, there will be an increase in the District of Columbia cigarette excise tax.

The cigarette excise tax will increase from \$0.125 to \$0.225 per cigarette. As a result, the cigarette excise tax will increase from \$2.50 to \$4.50 per package of 20 cigarettes. The surtax remains at \$.44 cents per package of 20 cigarettes. The combined cigarette excise tax per package of 20 cigarettes as of October 1, 2018 is \$4.94.

The new excise tax rates apply to previously stamped floor stock of cigarettes, including cigarettes in vending machines held by wholesalers, retailers, and street vendors for commercial distribution in DC.

You are required to take a physical inventory before the start of business on October 1, 2018, of all DC stamped cigarettes in stock to determine your floor tax. Retailers are required to maintain purchase invoices for on the spot inspections of all cigarettes purchased at the new rate. Enclosed is the floor tax return and instructions (Form FR-463). Please submit the return and payment by October 21, 2018, to the Office of Tax and Revenue, Audit Division, Tobacco Tax Enforcement Unit, P.O. Box 556, Washington, DC 20044. Make your payment by check or money order payable to the D.C. Treasurer. Failure to file a floor tax return and make payment by October 21, 2018, will result in the imposition of penalty and interest and may result in criminal prosecution. In addition, the cigarette license issued to you may be subject to suspension or revocation.

Corporate filers may elect to file a consolidated return and remittance on behalf of all subsidiary locations. The consolidated return should include a summary report of each subsidiary inventory subject to the cigarette floor tax. In addition, each subsidiary is required to maintain a copy of the inventory and the floor tax return at the business location for inspection.

Should a corporate filer choose to allow each subsidiary to file a floor tax return, filing instructions for filing an individual floor tax return apply.

Vending machine operators must send a list of all vending machines showing the location of machines with the floor tax return. The tax can be computed on an actual physical inventory by machine or by paying a flat tax assessment per machine as indicated on the return.

For additional information about the cigarette floor tax, a copy of this notice, the cigarette floor tax return and the Frequently Asked Questions document are posted at <https://otr.cfo.dc.gov/page/cigarette-tax-program>.

**OTHER TOBACCO TAX RATE WILL INCREASE TO 96 PERCENT
EFFECTIVE OCTOBER 1, 2018**

In addition, the tax rate on other tobacco products (Form FR-1000Q) will increase from 60 percent to 96 percent of wholesale sales of other tobacco products. The tax increase is imposed on wholesalers on the sale of all roll your own tobacco, vapor products and all other tobacco products.

MYTAX.DC.GOV

Effective October 29, 2018, OTR will require tobacco and vapor product wholesalers to file the cigarette and tobacco tax via MyTax.DC.gov. In addition, payments of other tobacco products must be made at MyTax.DC.gov.

Should you have additional questions, please contact OTR's Customer Service Administration at (202) 727-4829.